THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) After initiation of reforms in early 1990s, financial performance of the banking sector in general and public sector banks in particular, has improved significantly. Balance sheet and profitability indicators *viz.* Return on Assets, Net Interest Margin, NPA, Ratios, Provisioning and Classification norms for NPAs, Capital Adequancy Ratio etc. suggest that the Indian banking sector now compares well with global benchmarks. To facilitate quick and efficient decision-making and to provide Bank Boards sufficient managerial autonomy to be able to compete internationally, Government announced an Autonomy Package in February 2005 for the public sector banks. Further, the Government has put in-place a mechanism to monitor the performance of all Public Sector Banks on the basts of the 'Statement of Intent on Annual Goals' submitted by them on various performance parameters including NPAs. All public sector banks have recorded net profits for the year ended March 2006.

Exemption of income tax for tribals

2639. MS. MABEL REBELLO: Will the Minister of FINANCE be pleased to state:

(a) whether tribals of North East are exempted from Income Tax;

(b) whether this facility has not been extended to tribals of rest of the country, if so, the reasons therefor,

(c) whether Government are considering any proposal in this regard; and

(d) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Section 10(26) of the Income Tax Act, 1961 provides exemption to income accruing or arising to a member of a Scheduled Tribe as defined in clause (25) of Article 366 of the Constitution, residing in the following areas from any source in the said areas or States or by way of dividend or interest on securities—

(i) any area specified in Part I or Part II of the Table appended to paragraph 20 of the Sixth Schedule to the Constitution or

(ii) in the States of Arunachal Pradesh, Manipur, Mizoram, Nagaland and Tripura, or

(iii) in the areas covered by notification No. TAD/R/35/50/109, dated

the 23rd February, 1951, issued by the Governor of Assam under the provisio to sub-paragraph (3) of the Paragraph 20 of the sixth schedule of the Constitution, as it stood immediately before the commencement of the North-Eastern Areas (Reorganisation) Act, 1971 (81 of 1971), or

(iv) in the Ladakh region of the State of Jammu and Kashmir.

(c) and (d) This exemption is provided both in the interests of the Scheduled Tribes and also in the, interest of the areas which the tribes inhabit. Government is moving towards a moderate tax regime and gradual phasing out of various exemptions and deductions existing in the Income-tax Act and no proposal for extending such exemption to tribals of the rest of the country is currently under consideration.

Restoration of Income Tax exemption in Gujarat

2640. SHRIKANJIBHAIPATEL: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that the Association of Co-operative Banks in Gujarat, some Chambers of Commerce and Minister for Agriculture from Gujarat have represented to the Central Government to restore the Income Tax exemption under Section (80)P of the Income Tax Act, which has been withdrawn by the Central Government in the current year;

(b) whether Government have considered these representations; and

(c) if so, what is Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes Sir, the Government has received a representation from the Minister of Agriculture, Govt of Gujarat requesting for restoration of deduction under section 80P to Co-operative Banks. Representations have also been received from various co-operative banks and various Chambers of Commerce.

(b) Yes, Sir.

(c) All such representations have been duly considered and the request to restore the benefit of deduction under section 80P has not been found to be acceptable.